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**STRATEGIC**

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**2000**  
STAFF DRAFT

# **San Francisco Municipal Railway**

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**MICHAEL T. BURNS, GENERAL MANAGER**

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# INTRODUCTION

- **PURPOSE**

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## PURPOSE

Every two years, the San Francisco Municipal Railway (Muni) produces a Short Range Transit Plan (SRTTP) and Capital Improvement Program (CIP) that function as the transit system's primary planning documents. In 1998, the San Francisco Public Transportation Commission (PTC) directed staff to develop a strategic planning document to help address them.

The resulting Strategic Plan 2000 (SP2000) is a 10-year plan which links targeted strategies to actions for accomplishing our mission. The primary purpose of SP2000 is to bring our top priorities into focus and provide direction for carrying them out. The plan seeks to strengthen the link between our policy initiatives and the actual delivery of Muni service by establishing long term performance goals and a means to measure progress. SP2000 serves as a decision-making tool for everyone responsible for delivering quality Muni service, from policy makers and management to the workforce. It demonstrates to our customers that we have a unified approach to improving their service.

The publication of this plan is not the end of a process; it is a starting point. As Muni begins to implement Proposition E, our efforts must shift to designing and implementing actions to carry SP2000 through. The plan does not prescribe what these specific actions will be. Rather, it sets a framework within which staff, managers and policymakers can take action to make long-term, lasting improvements over the next 10 years. Although many elements of the plan will be updated more frequently, the entire Strategic Plan will be updated every two years. With the update scheduled for FY2000/01, this document will be incorporated into the SRTTP and adopted by the Board of Directors of the new Municipal Transportation Agency as part of the SRTTP.

## MISSION

**The San Francisco Municipal Railway strives to provide a convenient, reliable, accessible and safe transit system that meets the needs of all transit users within the City and County of San Francisco.**



The Mission Statement is our way of conveying who we are, what we do and for whom. The Mission Statement is not intended to be a list of every function Muni performs. Rather, it is a concise statement of Muni's ultimate reason for being, centering on our primary mission to provide transit service.

Muni has nearly 4,200 employees to staff seven divisions: Operations; Contract Compliance, EEO & Employee Programs; Finance & Administration; Safety & Training; Construction; Planning & External Affairs; and the General Manager's Office.

weekday lines, Muni provides access to most locations in San Francisco. Muni's four primary modes of transit - motor coach, trolley coach, light rail and cable car - provide over 2.8 million revenue hours and 23.4 million revenue miles of service annually. Muni currently carries approximately 700,000 riders each weekday, totaling over 219 million annual passenger trips, making Muni the most heavily used transit system in the Bay Area and seventh in the nation.



## ORGANIZATION

Muni was founded in 1912 as the first publicly-owned transit system in the United States. Until March 2000, Muni was operated by the City and County of San Francisco's Public Transportation Department (PTD), with policy making and oversight provided by the Public Transportation Commission (PTC). Members of the PTC were appointed by the Mayor.

As the primary transit provider in the City and County of San Francisco, Muni is responsible for transporting the riding public throughout the City and facilitating connections to other regional transit providers for trips in and out of the City.


## SERVICE

Muni operates comprehensive transit services within San Francisco, 24 hours a day, 365 days a year. With a route network of 80

## STRATEGIC PLAN 2000

The Strategic Plan 2000 is organized around six Focus Areas. Within each Focus Area, strategies, goals and performance measures will guide Muni in making improvements over the next 10 years. Taken together, they describe the overall approach Muni will take to meet the department's mission.

A **Focus Area** is a broad, high-level area of importance, which encompasses the most significant issues and challenges facing Muni over the next 10 years. These are the areas critical to success in meeting our mission.



**Strategies** are the steps that must be taken within each Focus Area to meet our mission. They are the methods by which we will strive to make improvements.

The **goals and performance measures** are the tools we will use to assess the effectiveness of the strategies in fulfilling our mission. They were chosen to be meaningful and comprehensible to staff, policy makers and the general public. The goals and performance measures are ambitious, yet feasible, requiring the department to stretch to achieve and maintain them over the 10-year timeframe of the plan.

The goals and performance measures are inter-dependent, meaning they each rely, at least in part, on the achievement of the others for their success. In other words, for us to succeed in our mission we must meet all of the goals presented in this plan.

In addition, for each strategy a number of tactics are listed. These are specific actions that could be taken to help implement each strategy. The list of tactics is not intended to be comprehensive, but rather suggest the types of activities Muni can undertake to achieve improvement in each of the focus areas.

## STRATEGIC PLANNING PROCESS

Muni employees at all levels of the organization were involved in the development of SP2000. The Strategic Plan Steering Committee, composed of senior staff and chaired by PTC Commissioner Andrew Sun, produced the mission statement and Focus Areas. The Strategic Plan Task Force, a group of Muni Managers, took the Focus Areas and formulated strategies for improvement in each. After review by the Steering Committee, performance groups composed of Muni staff, helped develop the goals and performance measures by which we will track our progress in each Focus Area.

The process was designed with input and interaction from staff at various levels of the organization and from a cross section of disciplines. Numerous avenues for participation for those not directly involved in the process were provided, including a regularly distributed informational project update, an email account and traditional mail.

## PROPOSITION E

Proposition E was approved by the voters of San Francisco in November 1999. This city charter amendment changes the gover-

nance of the Municipal Railway effective in March 2000, with the aim of making Muni more of an autonomous, and thereby more accountable, entity. Some of the major provisions of the charter amendment are to provide a more autonomous governing body for Muni, to ensure improved service through the application of performance standards, and to provide increased managerial, budgeting, spending and hiring authority for Muni. Toward that end, the amendment creates a Municipal Transportation Agency (MTA) and establishes Muni as a department of the MTA.

The measurements used in this Strategic Plan were designed to be consistent with those specified in the charter amendment. Where the charter amendment requires measuring and tracking more specific information, this information will be included in updates to the Short Range Transit Plan.

Because of the transition in Muni's governance initiated by the passage of Proposition E, Muni is issuing this document as a draft, separate from the SRTP. As Proposition E is implemented, the Strategic Plan will be updated and incorporated into the SRTP and adopted by the Board of Directors of the Municipal Transportation Agency as part of that document.





Under the provisions of Proposition E, the PTC will be replaced by the MTA Board of Directors. The seven-member Board will be appointed by the Mayor and confirmed by the Board of Supervisors. Directors' terms will be staggered. The MTA will assume the duties of the PTC on March 1, 2000. Beginning on July 1, 2000, Muni becomes a department of the MTA.

Prior to and since the passage of Proposition E, Muni staff has been evaluating the legislation's impact and developing transition plans for Muni. The Muni General Manager established five working groups to deal with governance and agency rules, service standards, finance and budget, human resources and purchasing. These internal working groups have been meeting to prepare for Muni's transition to a department of the MTA in July.

Proposition E also calls for the integration of the City's Department of Parking and Traffic (DPT) into the MTA by July 1, 2002. The intent is to provide for coordinated policy making and implementation related to traffic congestion and its impact on transit service and the economic vitality of San Francisco. Staff from DPT are actively participating in Muni's Proposition E transition planning.

A sixth working group has been created to address the transition of DPT to a department of the MTA.

The Finance and Budget working group is focusing on the establishment of the Municipal Transpor-



Proposition E specifies service standards and performance measures for Muni. The Service Standards working group is focused on ensuring that methodologies are in place to collect the data necessary to measure performance in those areas and establishing baseline data. As stated earlier, the focus areas, strategies and performance measures that follow in this Strategic Plan were developed to be consistent with those specified in Proposition E. Muni will strive to meet the goals of the Proposition E service standards earlier than specified in the legislation.

tation Fund as required by Proposition E and is working closely with Muni's Finance Division to develop the first Muni budget (FY 2000/2001) under the MTA.

The Human Resources working group is focused on defining "service critical" job classifications and functions and on assuming the human resources powers and duties pertaining to those positions as specified by Proposition E.

The remaining working groups are preparing reports and recommendations for the MTA Board of Directors in anticipation of the July 1, 2000 transition.

## SERVICE RELIABILITY

- IMPROVE SERVICE DELIVERY

- DEVELOP AND OPERATE SERVICE ON AN ATTAINABLE PUBLIC TIMETABLE

**Objective:** To improve the reliability of daily Muni service.

**T**o improve service reliability, we must improve the delivery of service by increasing the amount of service provided and ensuring that the service we operate is on-time by effectively managing the service when it is out on the street.



## STRATEGY 1

### IMPROVE SERVICE DELIVERY

**Performance Measure:** Increase the percentage of scheduled service hours delivered from current 94.8% (FY99) to 98.5% by July 2004, and maintain at that level thereafter.

Muni's most important goal is to deliver the service that our customers need and expect. Put simply, Muni must provide the level of service it advertises. To do this, we must provide a reliable fleet of vehicles and the right amount of qualified and well trained operators to drive them.

A reliable fleet of vehicles is the base upon which all the other aspects of providing transit service depends. To provide a reliable fleet, Muni must ensure that vehicles are procured on a timely basis and that they are maintained effectively.

As we increase vehicle reliability, we must also maintain a staff of qualified and well-trained operators in sufficient numbers to operate daily service. To increase operator availability, Muni must take a number of actions relating to human resources, training, and

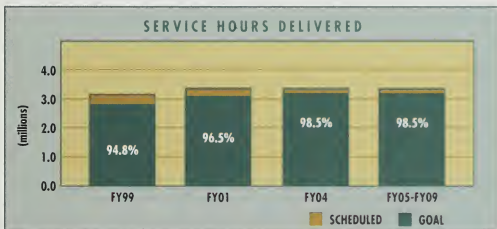
### T A C T I C S

- ◆ Establish and implement planned fleet replacements
- ◆ Conduct regular planned fleet maintenance, perform mid-life vehicle rebuilds and improve performance of preventive maintenance program
- ◆ Hire and train sufficient personnel to achieve full staffing
- ◆ Determine appropriate staffing levels to operate scheduled service and develop an operator hiring plan to maintain staffing at that level
- ◆ Reduce operations and maintenance absenteeism
- ◆ Provide flexibility in matching vehicles and operators more efficiently
- ◆ Provide adequate support resources

management of the operating divisions. Full funding of the operating budget will contribute to increased operator staffing, as will streamlining the hiring process to reduce the amount of time it takes to fill a budgeted position.

To measure service delivery we will track the percentage of revenue service hours that we provide annually. Revenue service hours are those hours that a vehicle is operating and available to carry passengers.

This measure is an average for our entire revenue fleet. A breakdown of this measure by cause (operator or vehicle) and for each of our modes will need to be regularly analyzed to identify areas needing the most attention. Full operating funding, full staffing and delivery of the new fleet will contribute to attaining this goal.



## STRATEGY 2

### DEVELOP AND OPERATE SERVICE ON AN ATTAINABLE PUBLIC TIMETABLE

**Performance Measure:** Improve average system-wide on-time performance from current 49.2% to 92.0% by 2009.

**A**nother major component in providing dependable service is the predictability of the operation. Once the vehicles are in service, we must ensure that they run according to schedule.

Currently, Muni's on-time performance is broken down as illustrated in the following table:



The first step toward improving predictability is to develop an attainable public timetable. We will be surveying each Muni line for its service requirements, from

which a revised public timetable will be developed. Based upon a number of service standards, we will then be able to assign resources, in terms of number and type of vehicles, to meet the service requirements of each line.

Once we have developed the public timetable, we will need to effectively manage the service on the street. Improved line management will help to increase service reliability.

<b>23.1%</b>	<b>Sharp: more than one minute ahead of schedule</b>
<b>49.2%</b>	<b>On-time: no more than one minute ahead of and no more than three minutes behind schedule*</b>
<b>27.7%</b>	<b>Late: more than four minutes behind schedule</b>

Source: June 1999 Schedule Adherence Report

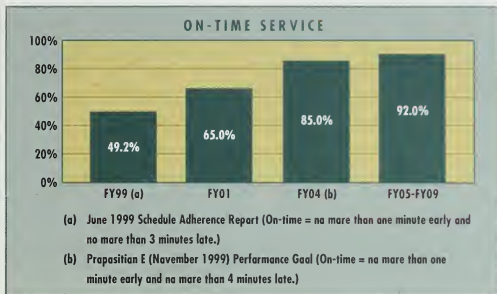
\* Prop E (November 1999) changes measure to "no more than one minute ahead of and no more than four minutes behind schedule."

Our top priority is to eliminate the large number of trips that are running early. This can be done through increased operator training and awareness and improved street supervision.

To determine how well we are adhering to the public timetable, we will measure average system-wide on-time performance. A

## TACTICS

- ◆ Publish widely available public timetable and post at major passenger stops
- ◆ Increase and improve street supervision
- ◆ Eliminate buses running ahead of schedule
- ◆ Reduce mid-trip delays
- ◆ Reduce road failures
- ◆ Reduce bunching
- ◆ Restore service quickly following service disruptions
- ◆ Minimize effects of on-line failures



vehicle is considered on-time if it is no more than one minute early or four minutes late as measured against the published schedule.

Meeting this performance measure depends on a variety of actions at all levels of the organization, such as full funding of the operating budget, full staffing in all aspects of Muni's operation, improved fleet procurements and an improved central control facility. All of these will contribute to improved service reliability. In

addition, more accurate and timely service reliability data may become available with the use of real time information system technology similar to the Next-Bus tracking system currently being demonstrated on the 22-Fillmore line.



## CUSTOMER &amp; COMMUNITY FOCUS

- IMPROVE QUALITY OF THE RIDE
- COMMUNICATE WITH THE PUBLIC
- PROMOTE SYSTEM ACCESSIBILITY
- DESIGN SERVICE TO MEET CUSTOMERS' NEEDS

**Objective:** To improve the satisfaction level of our customers by improving the quality of service, and through improved communication.

**P**utting the customer first should be the goal of everything we do at Muni. We must work to provide an improved quality of service, both in the daily experience of our riders and in the overall design of Muni's service.





## STRATEGY 1

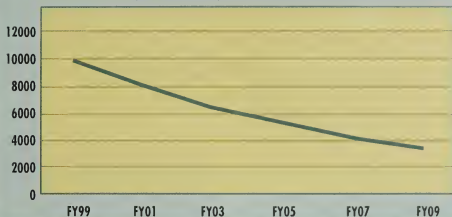
### IMPROVE QUALITY OF THE RIDE

**Performance Measure:** Reduce the rate of Passenger Service Reports (PSR) per million passengers to 40 by 2007 and maintain at that level or lower thereafter.

The quality of a ride on Muni has a great impact upon a customer's opinion of Muni. This strategy was developed to address some of the major issues our customers have identified with Muni.

To measure ride quality, we will track the number of Passenger Service Reports (PSRs) per million passengers as an indicator of customer satisfaction. A PSR is issued whenever a customer calls Muni's Passenger Service Unit with a complaint about an operator's conduct, or a complaint about poor service. The number of PSRs received per million passengers has been rising for the last few years, and this indicates a need to work on improvements in a variety of areas.

#### PASSENGER SERVICE REPORTS



#### T A C T I C S

- ◆ Reduce graffiti on vehicles and in facilities
- ◆ Operate vehicles more smoothly
- ◆ Ensure that service provided is adequate to maintain onboard loads within standards to reduce overcrowding
- ◆ Manage lines to reduce bunching and improve schedule adherence
- ◆ Improve operator courtesy and conduct
- ◆ Implement information technologies that improve a customer's ability to plan and complete a trip

A rider's perception of ride quality is influenced first by the basic features of how reliably the service operates, as addressed in the Service Reliability focus area. Beyond those features, however, there are a number of related actions that can be undertaken to improve ride quality. The tactics developed for this strategy are designed to address this need.

## STRATEGY 2

### COMMUNICATE WITH THE PUBLIC

**Performance Measure:** Increase the frequency, methods and quality of communications with our customers and the community.

As a major service provider, Muni needs to be more customer and community focused. Muni's work force comes into constant contact with customers, and we need to continue to improve the training of our employees to interact with the customer in a friendly and businesslike manner.

We also need to provide regular information to riders on the Muni services that are available, special events that affect transit services, and changes and construction projects that will be occurring. We will develop a comprehensive marketing and customer relations program which ensures that timely Muni information in these areas is available to riders. An important component is communication with the larger community beyond Muni riders about construction projects and service changes.

Steps recently taken in this direction are the establishment of a Muni Service Update Hotline at (415) 554-6999, and creation and distribution of the "New Muni News".

#### T A C T I C S

- ◆ Provide customer service training to all Muni employees
- ◆ Issue regular updates to our customers on services, programs and projects;
- ◆ Develop a Muni Rider's Guide ("How to Use Muni")
- ◆ Develop real-time information capability at passenger stops
- ◆ Conduct community meetings in conjunction with service changes or construction projects
- ◆ Respond to customers in a timely manner
- ◆ Address shortcomings in system communication infrastructure
- ◆ Expand information available on Muni's website

## STRATEGY 3

### PROMOTE SYSTEM ACCESSIBILITY

**Performance Measure:** Complete the Accessibility Program components listed below:

- ◆ Achieve full compliance with ADA Key Stops requirement by December 2000
- ◆ Achieve full accessibility of rubber-tired fleet by June 2001
- ◆ Secure funding for Metro accessibility beyond ADA Key Stops requirements
- ◆ Implement paratransit debit card program
- ◆ Maintain Title VI compliance

Improving the accessibility of our service provides benefits to all Muni passengers. This strategy was developed to address the specific accessibility requirements of the Americans with Disabilities Act (ADA), as well as the broader issue of improving accessibility to all who travel within the city.

Although there is not a comprehensive accessibility measure we can use to gauge progress for this strategy, there are a number of activities that Muni will be doing over the next ten years to increase access to the system, with specific target dates.

## T A C T I C S

- ◆ Improve accessibility information
- ◆ Provide enhanced accessibility training to operators
- ◆ Provide digitized stop announcements
- ◆ Enhance paratransit service

## STRATEGY 4

## DESIGN SERVICE TO MEET CUSTOMERS' NEEDS

**Performance Measure:** Develop detailed service plan updates annually.

The two elements of Muni service design that most directly affect our customers' daily travel decisions are route structure and schedule. Over the last two decades, residential and work demographics and trip patterns have changed dramatically, both within San Francisco and the region, while Muni's current route structure was developed prior to the advent of many of these changes.

Historically, Muni has not had a large internal research and planning function. In order to plan effectively for the changing patterns, however, we need to be able to collect and analyze data on all aspects of our service, in order to assess its effectiveness in meeting our customers' needs, and to analyze alternative route structures in response to changing travel demands. We need to fund and build staff resources to perform these functions. As we do this, we will produce detailed service plan updates annually, in conjunction with a community outreach process to ensure a high level of public input. We have begun this process in 1999 with our South of Market Service Concept Plan, and will build on this in the future.



## T A C T I C S

- ◆ Fund staffing needs for service planning, data collection and analysis
- ◆ Conduct systematic reviews of all Muni services by geographic sector
- ◆ Survey trip and travel demand patterns
- ◆ Evaluate route network and schedules
- ◆ Evaluate service design standards

## SAFETY &amp; SECURITY

- IMPROVE PASSENGER SAFETY
- IMPROVE SECURITY ON VEHICLES AND IN STATIONS
- INCREASE HEALTH, SAFETY AND SECURITY IN THE WORKPLACE

**Objective:** To make Muni safer to ride, more secure and to increase occupational safety for Muni employees.

**O**n a per passenger-carried basis, Muni is already safer and more secure than most other transit operators in the nation, with a rate of incidents about half the national average. Our goal is to make Muni even safer and more secure when measured on a per passenger-mile basis, which accounts for trip length. A major component of this Focus Area is to enhance safety and training, and to create an institutional culture that emphasizes safety.



## STRATEGY 1

### IMPROVE PASSENGER SAFETY

**Performance Measure:** Reduce the rate of safety incidents per million passenger-miles by 5% annually.

**S**afety while on board vehicles or in station facilities is one of the primary concerns of Muni riders and employees. To address this concern, Muni needs to develop a more comprehensive method for recording and monitoring accidents and incidents, analyzing trends, identifying



causes, developing potential solutions and implementing safety programs. These solutions may include operational or procedural changes, design or engineering improvements, additional training for employees or increased public education. Once implemented, continued monitoring is needed to ascertain if the changes have been successful.

Currently, the national average rate of safety incident occurrences is 1.63 incidents per million passenger-miles. Muni's current rate is 2.25 incidents per million passenger-miles (FY97 NTD). Safety incidents include all collisions and personal injuries that occur on Muni vehicles or at Muni facilities. Measuring safety

incidents on a per-passenger rate makes most sense for dense urban systems like Muni that have low average speeds but high boarding levels. The industry generally uses rates that incorporate a mileage rate, however, so we will use the "per million passenger-miles" rate to ensure comparability with other systems.

To highlight the importance of system safety, the General Manager has recently established a Safety & Training Division.

### TACTICS

- ◆ Review and update training procedures
- ◆ Improve monitoring and analysis of safety incidents and identification of problem areas, using existing data sources
- ◆ Analyze trends and identify causes; develop and implement solutions; monitor effectiveness of solutions
- ◆ Increase vehicle safety through increased preventive maintenance

## STRATEGY 2

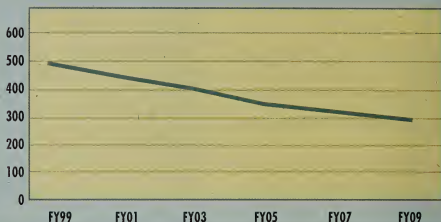
### IMPROVE SECURITY ON VEHICLES AND IN STATIONS

**Performance Measure:** Reduce the rate of security incidents per million passenger-miles by 3% annually.

Security onboard Muni vehicles and in our station facilities is a primary concern of Muni riders and employees. Muni currently works with the San Francisco Police Department (SFPD) to provide and increase security throughout the Muni system.

A comprehensive Muni Security Plan is currently being developed. This plan will address security needs onboard vehicles in service, and at each facility and operating division, with recommendations for physical improvements, staffing and budgeting changes, and applications of security technology, such as video surveillance. Together these changes will help to protect the public and its investment in the system.

### SECURITY INCIDENTS



### TACTICS

- ◆ Complete the Muni Security Plan
- ◆ Improve monitoring and analysis of security incidents and identification of problem areas
- ◆ Commit to funding and staffing new security programs
- ◆ Compare current security measures with those used at similar properties
- ◆ Implement on-board vehicle video surveillance program
- ◆ Establish new communication links for faster response time to incidents
- ◆ Maximize performance of existing staff

The national average for security incidents is 3.4 incidents per million passenger-miles. Muni's current rate is 4.7 incidents per million passenger-miles. On a per-passenger basis, however, Muni's rate is about half the rate of incidences nationwide (FY97 NTD), but we will track the rate per-passenger-mile as being closer to the standard used by the industry. Security incidents include all violent crimes and crimes against property that occur on Muni vehicles or at Muni facilities.



## STRATEGY 3

INCREASE HEALTH,  
SAFETY AND SECURITY IN  
THE WORKPLACE

**Performance Measure:** Reduce the incidence of lost work days due to occupational injuries from the current Muni rate of 26.2% to the state average of 13.2% by 2009, and maintain at that rate thereafter. (Cal. Dept. of Industrial Relations, Div. Of Labor Statistics and Research)

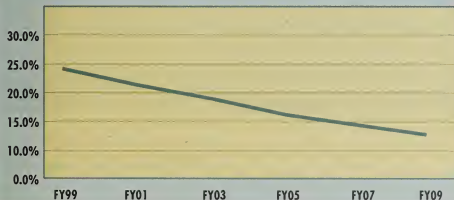


All employees deserve a safe and clean workplace to come to each day. In fact, OSHA mandates that all employers provide their employees with a safe workplace. By incorporating an increased awareness of health, safety and security issues into all of our processes, we can

contribute to a safer operation and a safer workplace.

By concentrating on the tactics listed above and incorporating them into everyday work at Muni, we will reduce the number of lost work days due to occupational injuries.

LOST WORK DAYS



## T A C T I C S

- ♦ Reduce the number and amount of workers' compensation claims
- ♦ Provide employee training in safe work practices
- ♦ Incorporate health, safety and security features into facility and vehicle design
- ♦ Establish a Health & Safety Committee at each worksite
- ♦ Include improved ergonomics in new vehicle procurements
- ♦ Expand the return-to-work program

## FINANCIAL STABILITY

- CONTROL COSTS
- CREATE 21ST CENTURY INFORMATION SYSTEMS
- DEVELOP PREDICTABLE REVENUES

**Objective:** To provide greater financial predictability and reliability by controlling costs, using 21st century information systems and increasing our operating revenue recovery ratio.

**M**uni's revenues and expenses currently lack predictability, reliability and stability. The primary aim of the Financial Stability Focus Area is to achieve a greater level of financial certainty in our operation, and to manage the information needed to run Muni more effectively. The Financial Stability Focus Area is based on the objectives of cost effectiveness, efficient use of resources and stable funding.



## STRATEGY 1

### CONTROL COSTS

**Performance Measure:** Limit the annual change in operating cost per revenue hour (as measured by a 10-year rolling average) to not exceed the annual change in the Consumer Price Index (CPI).

The first step in achieving financial stability is to look for ways to control costs. This will be achieved when we are able to provide a quality service at the lowest cost to the public.

#### OPERATING COST PER REVENUE HOUR

10 Year Avg. (thru 97) Cost per Rev. Hr.	10 Year Avg. (thru 98) Cost per Rev. Hr.	Change for Cost per Rev. Hr.	Change for CPI for Same Period
\$93.12	\$95.05	2.1%	3.3%

To determine if our costs are being adequately controlled, we will measure the annual change in operating cost per revenue hour, as calculated on a 10-year rolling average. This measure was chosen to reflect the fact that our costs are based primarily on the amount of service we provide as measured in revenue hours, and the 10-year rolling average is designed to

show costs over time, which is a more useful indicator than a year-to-year comparison, given the historic variations in funding.

As another way to look at costs, in FY96/97, Muni operated at a cost per revenue hour of \$96.93. In comparison, the average for other transit operators in the Bay Area was \$123.00, a figure which is 27% higher than Muni's (FY97 NTD).

Proposition E, which passed in November 1999, may provide opportunities within the budget process to develop an operating reserve, plan for reinvesting

savings and provide incentives for cost controls, such as reducing workers compensation costs and diligent warranty management.

## TACTICS

- ◆ Strengthen the link between the budget and the SRTP/Strategic Plan
- ◆ Reduce costs, such as the number and amount of workers' compensation claims
- ◆ Establish a system for promoting fiscal responsibility in management by rewarding innovation and controlling costs, not by punishing good budget management
- ◆ Achieve full funding for the level of service scheduled
- ◆ Support our investments
- ◆ Communicate timely information on Muni's fiscal state to all levels within Muni on a regular basis to demystify the budget process
- ◆ Evaluate use of full versus part-time operators

## STRATEGY 2

### CREATE 21ST CENTURY INFORMATION SYSTEMS

**Performance Measure: Develop  
Information Technology Master  
Plan and begin implementation by  
December 2000.**

**T**ransit technology and communications systems are becoming increasingly complex. Planning for this increased complexity must become an integral part of our operations and in planning and implementing our

capital program. Muni must anticipate the increase in technological sophistication of vehicles and systems in the public transit industry, and plan for the appro-

To be effective, we need to ensure that our resources are being used efficiently. Technology can be used to help increase organizational productivity, and to manage



### T A C T I C S

- ♦ Develop sufficient resources to develop and support information systems
- ♦ Create state-of-the-art on-line financial and information management tools
- ♦ Analyze long-term staffing and budgetary implications of technology decisions and acquisitions
- ♦ Plan for and incorporate proven technology
- ♦ Train staff on current state of technology

appropriate incorporation of proven technology in all aspects of our operation. This applies to such diverse technologies as onboard vehicle systems, wayside communication and signaling, train control, power supply, maintenance facilities and equipment, vehicle maintenance, parts inventory and asset management, building operations, and security. We must be able to support and maintain these systems with trained staff.

the vast amount of data needed to efficiently manage Muni's financial and operational realms.

The Muni technology master plan will address the need to incorporate proven technology into our provision of Muni service. The plan will identify priorities, potential funding and implementation strategies. The technology master plan will address research and development, integration issues and opportunities, cost effectiveness, and staffing, training and operating needs.

## STRATEGY 3

## DEVELOP PREDICTABLE REVENUES

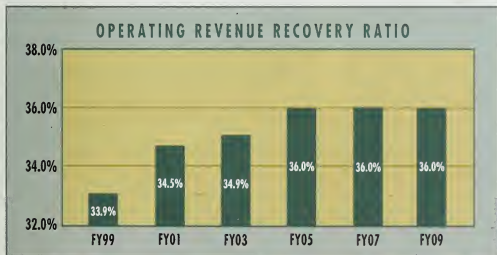
**Performance Measure:** Develop and adopt a multi-year revenue policy to achieve a system-wide revenue recovery ratio of at least 36.0 percent by 2004, and maintain at that level thereafter.

Along with controlling our costs, we need to look towards stabilizing our various revenue streams. Potential methods for stabilizing revenues include constantly analyzing existing revenue streams, exploring new or additional revenue sources and pursuing innovative financing techniques. We must also look at ways to increase the share of our operating budget that comes from operating revenues.

OPERATING REVENUE RECOVERY RATIO			
Current Actual FY98/99	Short Term Goal FY00-FY01	Mid Term Goal FY02-FY04	Long Term Goal FY05-FY09
33.2%	34.5%	36.0%	36.0%

To gauge our progress in this area, we will track our revenue recovery ratio. This measure is the total amount of revenue generated through the farebox, and advertising and lease income, divided by our operating expenses.

Although predictability is desired for all operating funding, our measure was chosen to reflect the fact that we have the most control over operating revenues. Improvement can be achieved through maximizing cost efficiency, increasing ridership and maximizing operating revenues received through sources other than fares.



## T A C T I C S

- ♦ Explore use of alternative and innovative funding sources
- ♦ Develop and adopt a multi-year operating revenue plan and policy
- ♦ Explore revising and/or expanding the TIDF program in terms of the area covered and types of development included
- ♦ Maximize advertising revenues
- ♦ Investigate developing additional dedicated revenue sources
- ♦ Identify funding for new or expanded services
- ♦ Develop operating and capital reserves



## EMPLOYEE DEVELOPMENT

- IMPROVE INTERNAL COMMUNICATION
- PROMOTE TRAINING AND CAREER DEVELOPMENT
- STRENGTHEN HUMAN RESOURCES

**Objective:** To ensure that Muni has the highest quality staff to operate, manage and maintain the service that we are scheduled to provide, ensure that all employees are properly trained and communicate regularly with all employees about the organization.

A phrase common to many organizations is: "our employees are our greatest asset," a statement which is especially true for Muni. The aim of the Employee Development Focus Area is to better recognize and develop this critical resource. Essential components of this objective are a strong management team, good employee morale, adequate staffing levels and proper training.





## STRATEGY 1

### IMPROVE INTERNAL COMMUNICATION

**Performance Measure:** Establish an employee communication program by December 2000.

From the moment a person becomes a Muni employee, we want to have regular two-way communication with that employee. We want to develop techniques to promote respectful communication between and among employees, managers, and unions. Also, information sharing will be promoted as a routine organizational practice.

New employees should be welcomed and oriented to Muni's unique culture. This process includes showing employees how they fit into the larger Muni structure.

A significant barrier to regular communication is the large number of locations where Muni employees work, especially the dispersed nature of the overall administrative, planning, financial, engineering and operational



support personnel. These programs should be geared toward breaking down that barrier.

To provide better information to Muni employees, we will develop an employee communication program. The program will include regular written communication, employee forums and joint labor/management collaboration forums, which are intended to foster communication and team-building between and among management and employees.

#### T A C T I C S

- ♦ Increase frequency of distribution of media for regular communication with employees
- ♦ Improve on the organizational culture's ability to encourage teambuilding
- ♦ Orient new employees
- ♦ Build relationships with others within Muni and at other departments and agencies
- ♦ Minimize work location fragmentation

## STRATEGY 2

### PROMOTE TRAINING AND CAREER DEVELOPMENT

**Performance Measure:** Establish a comprehensive Training and Career Development Plan for implementation by 2002, including ongoing assessment and evaluation.

There are two major components to training: ensuring that employees have the skills to do their current jobs safely and effectively and providing opportunities for growth and advancement.

Muni currently does not have a regular, structured program to provide employees with opportunities for training or career development. Although training opportunities currently exist, they are not provided in a coordinated manner.

A starting point could be to provide customer service training to all Muni employees. The training would address such concerns as employee knowledge of the system and the operating environment, appropriate techniques to keep our customers informed, professional communication skills, and developing problem solving skills.

### T A C T I C S

- ◆ Provide customer service training to all Muni employees
- ◆ Assess training needs and establish an equitable system to allocate training resources
- ◆ Promote leadership
- ◆ Develop a career counseling function
- ◆ Establish career ladders
- ◆ Support internal promotions
- ◆ Increase visibility of the employee recognition program



The Training and Career Development Plan will identify the necessary staffing and funding to regularly and systematically assess training needs, allocate resources and evaluate outcomes. Future goals will be established during program development and incorporated into the next Strategic Plan update.

## STRATEGY 3

### STRENGTHEN HUMAN RESOURCES

**Performance Measure:** Maintain vacancy rate at less than 5% percent for all budgeted positions.

Muni's Human Resources section needs to be strengthened to provide the support necessary to meet Muni's personnel needs. With the passage of Proposition E, Muni's

Human Resources section will have increased responsibilities, assuming many functions previously carried out by the City's Human Resources Department and the Civil Service System. Increased funding and staffing will be needed to accomplish this.

The current hiring process has been described as repetitive and time consuming, taking from six months to two years to bring a new employee on board. While wholesale

change may be unlikely, there are opportunities to streamline the existing system, and for Muni's Human Resources section to take a more active role in the hiring process within Muni, allowing managers to concentrate on the work of their unit.

Activities which will help us meet this ambitious goal include eliminating the backlog of unfilled positions, and creating a system which allows vacancies in budgeted positions to be filled in a matter of days or weeks, instead of years.



## TACTICS

- ◆ Achieve full staffing for all budgeted Muni positions, starting with Muni HR
- ◆ Identify opportunities to reduce duplication between the City's Department of Human Resources process and Muni's Human Resources
- ◆ Develop a uniform personnel policy
- ◆ Establish Human Resources liaisons with Muni divisions and the Department of Human Resources
- ◆ Review classification system

## SYSTEM IMPROVEMENT &amp; EXPANSION

- BRING SYSTEM INFRASTRUCTURE TO A STATE OF GOOD REPAIR

- IMPROVE EXISTING SYSTEM

- EXPAND SYSTEM

**Objective:** To improve the way Muni plans, constructs, operates and maintains the physical plant necessary to provide transit services.

**T**his focus area lays out a three-stage process to improve Muni's physical plant, in order to provide improved service.



## STRATEGY 1

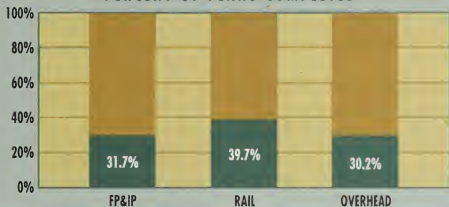
### BRING SYSTEM INFRASTRUCTURE TO A STATE OF GOOD REPAIR

**Performance Measure:** Secure funding for and accelerate the completion of:

- ◆ Facility Preservation and Improvement Plan (FP&IP)
- ◆ Rail Replacement Plan (RAIL)
- ◆ Overhead Replacement Plan (Overhead)

**M**uni maintains a complex infrastructure of trackways, a subway, passenger stations, power supplies, overhead lines and underground utilities, along with numerous facilities serving operational and administrative functions. In the coming years, we will develop a program which is well planned, coordinated and backed by adequate funding for the continued maintenance, rehabilitation, modernization and expansion of this infrastructure.

PERCENT OF PLANS COMPLETED



## TACTICS

- ◆ Conduct regular planned maintenance of all infrastructure/facilities
- ◆ Establish preventive maintenance programs for all infrastructure/facilities
- ◆ Establish regular replacement programs for all infrastructure/facilities
- ◆ Establish an equipment budget
- ◆ Involve end-users throughout the process

Our first step is to complete a number of deferred maintenance and improvement projects. Once the system has achieved a state of good repair our energies must shift to maintaining the system in top shape.

A number of rehabilitation plans have been developed in recent years, which detail our current infrastructure and facility rehabilitation needs. This strategy seeks to raise the importance of these projects.



## STRATEGY 2

### IMPROVE EXISTING SYSTEM

**Performance Measure:** Complete the System Improvement Program, including:

- ◆ Update Electrification Plan
- ◆ Seek exclusive right-of-way for rail lines, expanding from current 3 miles of exclusive guideway
- ◆ Increase the number of miles of dedicated bus lanes from current 11 miles, seek enforcement of lanes, and implement measures to maintain and improve operating speeds
- ◆ Expand the implementation of the Bus Stop Improvement Program by 5 locations per year
- ◆ Implement MIS systems employing AVL/GPS to assist in managing daily operation, improve security, and provide real-time passenger information
- ◆ Implement Major Facilities Program

## TACTICS

- ◆ Secure funding to carry out projects in the Capital Improvement Program (CIP)
- ◆ Expand Proof of Payment Program
- ◆ Expand signal priority systems
- ◆ Design replacement programs to take advantage of tested technology upgrades
- ◆ Plan and build to meet actual service needs
- ◆ Plan for regular building rehabilitation projects based on needs
- ◆ Consolidate and centralize warehousing activities
- ◆ Develop property management function
- ◆ Improve project cost estimates;
- ◆ Design and build projects within available budget
- ◆ Improve project management (deliver projects on time and within budget)
- ◆ Control change orders

future uses of our infrastructure and facilities. In this way, a better understanding of the true costs of completing projects can be developed.

A comprehensive, long-range approach to facility planning will guide the development of our infrastructure to meet current and future needs of existing and new facilities. This approach could benefit from the development of a property management function within Muni, responsible for real estate planning, facility planning and management and space allocation.

The design, construction, replacement and management of Muni's infrastructure should be based on a comprehensive plan. A Facilities Management Plan could cover project and program funding, systems lifecycle costs, and engineering, construction, operation, maintenance and staffing changes needed to maintain, reconstruct, refurbish and overhaul our infrastructure on a routine basis.

Although there is not a direct measure for the degree to which we have accomplished system improvements, there are a number of activities which Muni plans to undertake in the coming years which can serve as a surrogate measure.

**A** first step in improving the existing system is to have a better idea of the actual long-term needs and issues for the existing system, and our expected



**STRATEGY 3****EXPAND SYSTEM**

**Performance Measure: Complete the following components of the Service Expansion Program:**

- ✦ **Expand F-line service along The Embarcadero in 2000**
- ✦ **Provide service to PacBell Park in 2000**
- ✦ **Evaluate service expansion options for the South of Market Area (SOMA), implement first steps in 2000**
- ✦ **Open initial operating segment (IOS) of Third Street light rail line by 2003**
- ✦ **Select the Locally Preferred Alternative (LPA) for the Geary Corridor by 2004**
- ✦ **Open Central Subway by 2008 to bring light rail service to Chinatown**

**A**long with maintaining and improving the system we must also plan for prudent expansion of the system to meet changing travel needs, and to provide improved service. In recent years, development has begun occurring in areas of the city that have traditionally not been activity centers, such as Mission Bay and SOMA. We have begun this process by completing the South of Market Service Concept Plan, with implementa-

additional vehicle storage facilities and to accommodate increased maintenance needs which system expansion would require.

**TACTICS**

- ✦ **Identify expansion priorities in service plan updates**

Similar to the system improvement strategy, the system expansion strategy also does not have a



tion of the first portions of the Plan in 2000. We must look towards expanding our system to serve these developing markets.

direct measure. Rather completion of the projects listed in the Service Expansion Program will serve as our surrogate measure.

The desire to expand the system must be balanced by the limits such as the lack of available land within San Francisco to build

# CAPITAL IMPROVEMENT PROGRAM

**Summary:** Muni's 10-year Capital Improvement Program (CIP) reflects the capital investments necessary to maintain the existing system and to continue to deliver the services identified in the Short Range Transit Plan (SRTP). Muni's CIP includes a variety of projects to maintain, rehabilitate or replace the vehicles, infrastructure, facilities and equipment necessary to provide a quality transit service to our customers. The FY99/00-FY08/09 Capital Improvement Program consists of 57 projects totaling \$2.7 billion.



## SETTING PRIORITIES

The projects included in the CIP are prioritized using a four-step process that considers program criteria, specific project criteria, project schedule and readiness, and funding availability.

## PROGRAM

The CIP is organized as a set of programs that represents the multi-year nature of our capital projects and the recurring cycles of many capital improvements, such as vehicle replacement and track rehabilitation projects. The programs are prioritized from fleet (highest priority) to equipment (lowest priority) as listed in Table 1.

Muni service is based on a fleet of over one thousand vehicles. Replacing the fleet on a regular schedule is the most cost-effective way to provide quality service to Muni customers. The next element of quality service is the

TABLE 1

### PROGRAM DESCRIPTIONS

**Fleet Program:** Rehabilitation and replacement of Muni's vehicles. This includes both revenue vehicles, used to transport passengers (motor coach, trolley coach, light rail, historic light rail, cable car, paratransit), and non-revenue vehicles, used to support the revenue fleet and the system infrastructure.

**Infrastructure Program:** Rehabilitation, replacement and modification of rail, communications signals, overhead, subway, stations and cable car systems. Also includes adding and improving ADA-mandated Key Stops, additional accessibility improvements, and transit preferential streets.

**Facilities Program:** Develop, manage and maintain space for the operating, maintenance, administration and storage needs required to support Muni operations. Includes fixed equipment such as lifts and sand dispensers.

**Equipment Program:** Provides the tools needed for the continued functioning of Muni's operations, maintenance and administrative activities. This program provides for the replacement or acquisition of such items as rail grinders and computers.

**Other Projects:** A limited number of projects do not fit into the CIP programs as described above.

network of guideways and way-side infrastructure, including stops and platforms that the vehicles rely on. The fleet and infrastructure programs are supported by a system of operations, maintenance and administrative facilities. The facilities require appropriate equipment to service vehicles and infrastruc-

ture, and the facilities themselves must also be constructed, rehabilitated and maintained.

Each CIP Program is discussed in greater detail in Table 1.

## PROJECT

Once capital projects are categorized by program, they are prioritized within the program based on the criteria listed in Table 2. These criteria place highest priority on projects that are already committed, legally mandated, and/or address a specific safety need. This is followed by a criterion that reflects the degree to which the project supports the Strategic Plan 2000. Next, projects are ranked according to whether they replace or rehabilitate an asset which is beyond its useful life, provides for the timely rehabilitation or replacement of an asset, or enhances or expands the current system.



TABLE 3

### MUNI CAPITAL IMPROVEMENT PROGRAM FY99/00-FY08/09

Program Funding	Through FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Fleet Program	\$ 667,674	\$102,484	\$62,037	\$56,646	\$18,050	\$19,694	\$18,200	\$ 2,578	\$ 1,008	\$ 2,638
Infrastructure Program	262,055	126,207	94,344	89,025	37,696	24,687	12,500	11,563	18,750	18,750
Facilities Program	80,208	51,228	65,830	7,073	23,218	46,126	941	0	0	0
Equipment Program	19,138	0	0	0	0	2,494	5,464	0	0	0
Other Projects Program	44,890	23,541	62	41	129,462	41	62	41	62	41
<b>TOTAL PLANNED FUNDS</b>	<b>\$1,073,966</b>	<b>\$303,460</b>	<b>\$222,273</b>	<b>\$152,785</b>	<b>\$208,425</b>	<b>\$93,043</b>	<b>\$37,166</b>	<b>\$14,182</b>	<b>\$19,820</b>	<b>\$21,429</b>
Fund Sources	Through FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Federal Funds	\$ 478,916	\$ 90,540	\$ 69,158	\$ 75,404	\$ 67,688	\$75,459	\$32,206	\$11,354	\$15,847	\$17,152
State Funds	250,310	19,607	0	0	13,946	12,054	0	0	0	0
Local Funds	344,740	193,313	153,116	77,381	126,792	5,530	4,961	2,828	3,972	4,278
<b>TOTAL PLANNED FUNDS</b>	<b>\$1,073,966</b>	<b>\$303,460</b>	<b>\$222,273</b>	<b>\$152,785</b>	<b>\$208,425</b>	<b>\$93,043</b>	<b>\$37,166</b>	<b>\$14,182</b>	<b>\$19,820</b>	<b>\$21,429</b>

## TIMING

When setting priorities for the overall CIP, the timing element, in terms of project schedule and readiness, is introduced. This set of criteria includes internal resource availability, and special circumstances, such as opportunities associated with combined procurements or construction activities that maximize cost effectiveness and/or minimize negative impacts on the community.

### All \$ Amount in 000s

FY09	10-YEAR TOTAL	TOTAL	%
\$ 1,069	\$284,405	\$ 952,079	35.7%
518,750	952,271	1,214,326	45.5%
0	194,416	274,624	10.3%
0	7,958	27,096	1.0%
62	153,415	198,305	7.4%
\$519,881	\$1,592,465	\$2,666,430	100.0%
FY09	TOTAL	TOTAL	TOTAL
\$315,896	\$ 770,704	\$1,249,620	46.9%
25,000	70,607	320,917	12.0%
178,984	751,154	1,095,894	41.1%
\$519,881	\$1,592,465	\$2,666,430	100.9%

TABLE 2

## CIP CRITERIA

**Ongoing/Committed:** Construction or procurement already underway or have explicit public commitments from direct action by PTC or Board policy.

**Legally Mandated:** Addresses specific legal mandates as the result of the passage of law.

**Safety Need:** The primary project objective is to address specific, identified hazards.

**Direct S.P. Support:** Directly related to a strategy described in the Strategic Plan 2000.

**Indirect S.P. Support:** Generally supports one or more of the strategies described in the Strategic Plan 2000.

**Deteriorated Asset:** Rehabilitation or replacement of an asset that is beyond its useful life.

**Regular Replacement:** The optimal rehabilitation or replacement of an asset at the end of its useful life.

**Enhance Existing:** Improves or enhances an existing asset or service.

**New/Expansion:** Increases service beyond current schedules or programs.

## FUNDING

The fourth level of prioritization involves applying funding criteria and constraints to the projects. This includes adjusting capital priorities to take advantage of unique funding opportunities.

Taken together, these four levels of prioritization yield the capital priorities matrix presented in

Table 3. This table summarizes the cost of the projects included in each capital program and the funding sources identified to carry out the CIP from FY99/00 through FY08/09.



## OPERATING FINANCIAL PLAN

**Summary:** Muni's operating budget is a component of the overall budget of the City and County of San Francisco. It is prepared by Muni staff, reviewed by the Mayor of San Francisco, and submitted by the Mayor to the Board of Supervisors for approval as part of the overall budget for the City and County of San Francisco. The passage of Proposition E in 1999 may change this process in future years.





## FY 1999/2000 BUDGET

**F**or FY 1999/2000, Muni's adopted budget is approximately \$375 million, or \$383 million including operating grants (Table 4). This is \$30 million, or 9 percent above last year's estimated expenses. Muni's budgets have been increasing steadily for the last few years after almost a decade of flat or reduced funding, reflecting San Francisco's commitment to return Muni's funding to a level sufficient to operate all scheduled service.

While the last few budget years have seen large increases, the 10-year average for Muni budget changes is approximately a 3.5% increase per year, which is close to the annual average Bay Area CPI increase of 3.2%. This indicates that Muni is just now returning to the minimal funding levels of ten years ago, to remedy the traditional underfunding of Muni that has occurred since the mid-1980s. This does not indicate that a large amount of additional resources are yet available to operate new or expanded services.



## PROJECTIONS

Over the next 10 years Muni's operating expenses are projected to increase about 41 percent, primarily due to service changes. These projections portray a need to address an increasing imbalance between projected operating costs and revenue sources. Using the assumptions now in place, Muni's budget increases by approximately 41 percent over the next ten years, but the anticipated need for funding from San Francisco's General Fund increases significantly over the life of the plan, by 114 percent. This imbalance is largely due to the fact that fares are held constant and operating grants are reduced, while costs continue to rise.

## CHANGES FROM PREVIOUS FINANCIAL PLANS

There are several major changes in this Financial Plan from Financial Plans shown in previous Muni SRTPs. These changes are an attempt to more fully represent what the true costs of providing transit services are today, and what the costs are anticipated to be in the future.

### Proposition B Operating Grants and Operating Projects

Proposition B (1989), imposed a one-half cent sales tax in the city to fund transportation capital improvements. Certain transit

TABLE 4 - FINANCIAL PLAN

## OPERATING PLAN (Prior to Passage of Proposition E)

All \$ Amount in 000s

	Actual FY96/97	Estimated FY97/98	Adopted FY98/99	Adopted FY99/00	FY00/01	FY01/02	FY02/03	FY03/04	Projected FY04/05	FY05/06	FY06/07	FY07/08	FY08/09
<b>REVENUES</b>													
Fare Revenues (1)	\$98,026	\$97,909	\$97,094	\$98,552	\$98,552	\$98,552	\$98,552	\$98,552	\$98,552	\$98,552	\$98,552	\$98,552	\$98,552
Misc. Operating Revenues (2)	3,779	4,307	4,433	7,356	7,923	8,723	10,023	11,423	11,823	12,237	12,665	13,108	13,567
Parking Revenues (incl. Pass-Throughs) (3)	78,898	83,598	87,403	98,450	100,616	102,829	105,092	107,404	111,163	115,054	119,080	123,248	127,562
State/Local Revenues - Gen. Ops. (4)	58,309	58,773	69,234	67,938	65,743	68,408	71,167	74,017	78,100	82,541	87,288	92,294	97,571
State/Local Paratransit Funding (3)	5,318	5,572	7,226	7,367	7,533	7,702	7,873	8,049	8,325	8,617	8,918	9,231	9,554
Other Rev. Infs. & Non Oper. Rev. (TIDF) (3)	12,085	4,536	5,090	4,883	4,990	5,100	5,212	5,327	5,514	5,707	5,906	6,113	6,327
General Fund Contribution	29,573	52,110	70,946	84,433	95,152	101,299	108,768	125,417	135,589	146,501	157,594	168,847	180,887
Approp. Fund Balance/Resvd. for Encumbrances	1,423	1,312	3,615										
Intrafund Transfer In				5,769	5,896	6,026	6,158	6,294	6,514	6,742	6,978	7,222	7,475
<b>TOTAL REVENUES</b>	<b>\$287,411</b>	<b>\$308,117</b>	<b>\$345,041</b>	<b>\$374,748</b>	<b>\$386,405</b>	<b>\$398,639</b>	<b>\$412,845</b>	<b>\$436,482</b>	<b>\$455,579</b>	<b>\$475,950</b>	<b>\$496,982</b>	<b>\$518,615</b>	<b>\$541,494</b>
Proposition 8 Operating Grants (5)		1,192	7,286	8,157	4,730	5,060	3,802	1,551	1,432	830	420	332	
<b>GRAND TOTAL REVENUES</b>	<b>\$287,411</b>	<b>\$309,309</b>	<b>\$352,327</b>	<b>\$382,905</b>	<b>\$391,135</b>	<b>\$403,699</b>	<b>\$416,647</b>	<b>\$438,033</b>	<b>\$457,011</b>	<b>\$476,780</b>	<b>\$497,402</b>	<b>\$518,947</b>	<b>\$541,494</b>
<b>EXPENDITURES</b>													
<b>SALARIES &amp; FRINGE BENEFITS</b>													
Platform Salaries (3)	\$92,562	\$95,785	\$96,941	\$99,267	101,451	103,683	105,964	108,295	112,085	116,008	120,069	124,271	128,621
Other Salaries (2)	82,442	89,874	100,994	106,295	108,633	111,023	113,466	115,962	120,021	124,222	128,549	133,069	137,727
Fringe Benefits (3)	39,273	46,087	48,917	51,189	52,315	53,466	54,642	55,844	57,799	59,822	61,916	64,083	66,326
<b>Sub-total Salaries and Fringe Benefits</b>	<b>\$214,277</b>	<b>\$231,746</b>	<b>\$246,852</b>	<b>\$256,751</b>	<b>\$262,400</b>	<b>\$268,172</b>	<b>\$274,072</b>	<b>\$280,102</b>	<b>\$289,905</b>	<b>\$300,052</b>	<b>\$310,554</b>	<b>\$321,423</b>	<b>\$332,673</b>
<b>OTHER OPERATING EXPENDITURES</b>													
Judgements & claims (6)	\$7,385	\$9,283	\$7,783	\$7,783	\$8,016	\$8,257	\$8,505	\$8,760	\$9,023	\$9,293	\$9,572	\$9,859	\$10,155
Paratransit contract (7)	9,799	10,234	11,571	12,314	12,774	13,157	13,551	13,958	14,447	14,952	15,475	16,017	16,578
Muni Fast Passes on BART (8)	5,612	6,572	7,406	7,716	8,873	10,204	11,735	13,495	15,520	17,848	20,525	23,603	27,144
Muni Metro Recovery Contract			3,680	4,066									
Other contracted services (3)	9,867	10,065	13,282	12,589	12,866	13,149	13,438	13,734	14,215	14,712	15,227	15,760	16,312
Materials and supplies (3)	20,869	22,518	32,377	34,303	35,058	35,829	36,617	37,423	38,733	40,088	41,491	42,943	44,446
Workers' compensation (9)	14,458	16,417	19,574	18,800	21,800	24,800	27,800	30,800	33,800	36,800	39,800	42,800	45,800
Services of other departments (3)	9,733	9,029	11,024	11,788	12,047	12,312	12,583	12,860	13,310	13,776	14,258	14,757	15,274
Other operating/project expenses (3)	2,825	1,018	3,903	6,640	6,807	6,956	7,109	7,266	7,520	7,783	8,056	8,338	8,629
Intrafund Transfer Out/Pass-Throughs (3)				8,169	8,349	8,532	8,720	8,912	9,224	9,547	9,881	10,227	10,585
<b>Sub-total Other Operating Expenditures</b>	<b>\$80,548</b>	<b>\$85,136</b>	<b>\$110,600</b>	<b>\$124,188</b>	<b>\$126,590</b>	<b>\$133,197</b>	<b>\$140,059</b>	<b>\$147,208</b>	<b>\$155,790</b>	<b>\$164,799</b>	<b>\$174,285</b>	<b>\$184,305</b>	<b>\$194,923</b>
Net Service Charges (10)								\$8,016	8,296	8,587	8,887	9,198	9,520
Expenditure Abatement/Recovery	(7,414)	(8,765)	(12,411)	(6,191)	(6,191)	(6,191)	(6,191)	(6,191)	(6,191)	(6,191)	(6,191)	(6,191)	(6,191)
<b>TOTAL EXPENDITURES</b>	<b>\$287,411</b>	<b>\$308,117</b>	<b>\$345,041</b>	<b>\$374,748</b>	<b>\$382,799</b>	<b>\$395,179</b>	<b>\$407,940</b>	<b>\$429,134</b>	<b>\$447,801</b>	<b>\$467,247</b>	<b>\$487,535</b>	<b>\$508,735</b>	<b>\$530,925</b>
Prop 8 Operating Project Costs (3)		1,192	7,286	8,157	8,336	8,520	8,707	8,899	9,210	9,533	9,866	10,212	10,569
<b>GRAND TOTAL EXPENDITURES</b>	<b>\$287,411</b>	<b>\$309,309</b>	<b>\$352,327</b>	<b>\$382,905</b>	<b>\$391,135</b>	<b>\$403,699</b>	<b>\$416,647</b>	<b>\$438,033</b>	<b>\$457,011</b>	<b>\$476,780</b>	<b>\$497,402</b>	<b>\$518,947</b>	<b>\$541,494</b>

## ASSUMPTIONS

- ◆ Fare revenues not projected to increase over life of plan
- ◆ Miscellaneous operating revenues increase at contracted amount through FY03/04, then inflated at 3.5% thereafter
- ◆ Inflated at 2.2% annually based on FY99/00 numbers through FY03/04, then at 3.5% through FY08/09
- ◆ Future year assumptions based on MTC projections
- ◆ Future year assumptions based on estimated expenditure rate of remaining Proposition B funds
- ◆ Estimated to increase 3% annually
- ◆ Paratransit expenditures increase at contracted amount through FY03/04, then inflated at 3.5% thereafter
- ◆ Current agreement anticipated to continue through FY99/00. Estimated to increase at 15% annually
- ◆ Worker's compensation assumed to increase \$3 million annually
- ◆ Service Change line item based on net increase in service hours anticipated for planned service changes, multiplied by NTD (Section 15) operating cost per mode (inflated), less administrative costs. Service Changes are detailed in Figure 11 in the Short Range Transit Plan (SRTP).

projects funded by Proposition B receive limited operating funds from the sales tax proceeds. These Proposition B Operating Grants provide funding for the incremental operating liability that Muni incurred as a result of the comple-

FY00/01 and will no longer be available to abate the incremental cost of these new services. The costs generated by these operating projects will need to be funded as part of Muni's future operating budget.



tion of such capital projects as the F-Market Streetcar line and the Muni Metro Turnback. These funds are limited and subject to the expenditure caps set forth in Proposition B.

For the first time, Proposition B Operating Grants and the projects that receive them are called out as revenues and expenses in the Financial Plan. It is important to call out these costs because Proposition B Operating Grants will begin to diminish substantially in

## Service Changes

For the first time, the Financial Plan now incorporates a line item for Service Changes into the regular budget for future years. This has been done so that the projections can begin to account for the need to pay for future service expansions and changes that are planned or under construction, such as the Third Street Light Rail line. These significant costs will need to be covered as part of Muni's regular operating budget.

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